

~~CONFIDENTIAL~~

~~SECRET~~

12 September 1950

SUMMARIES OF TRENDS AND DEVELOPMENTS

USSR

1. The recent US decision to increase its occupation forces in Germany will reemphasize to the USSR Western determination to resist by force any Soviet or Soviet-sponsored military aggression in Germany or Western Europe.

(Page 4)

2. Evidence that the Soviet border troops, formerly under the Ministry of Internal Affairs (MVD) have been transferred to the Ministry of State Security, was recently supplied by an official announcement that a medal had been especially established for deserving personnel of the border forces of the MGB. It would seem that this shift is little more than a further step in the logical reorganization of the Soviet police administration which has been in a particular state of flux since the MGB's re-emergence as a Ministry in 1943.

(Page 4)

3. The first Five Year Plan (1951-1955) of the German Sovzone aims at an industrial and war production for 1955 far greater for that area than that attained under the Nazis in 1944. Present industrial production is about 85 percent of 1936, but 1955 output is to be 90 percent above 1950. Greatest increases in output are to be made in the production of steel, chemicals, vehicles, precision instruments, and machinery. Measured in terms of 1944, the total industrial production by 1955 is to reach 154 percent.

(Page 6)

~~SECRET~~

~~CONFIDENTIAL~~

DOCUMENT NO. 2
NO CHANGE IN CLASS. ☐
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 1989
AUTH: HR 70-2
DATE: 30 Dec 79 REVIEWER: 0065

~~SECRET~~
CONFIDENTIAL

4. Technological advancements in the USSR have resulted in increased steel output, but some deficiencies continue to have a limiting effect.

(Page 7)

EASTERN EUROPE
BULGARIA

5. The openly hostile diplomatic relations between Bulgaria and Turkey have reached a climax in the 10 September announcement from Ankara that Turkey has closed its Bulgarian border.

(Page 7)

HUNGARY

6. The agreement of the Roman Catholic Hierarchy with the Hungarian Communist regime represents a significant advance on the part of the Government towards the goals of: (1) slowly transforming the Church into a Communist propaganda organ, and (2) confusing and neutralizing opposition to the Government on religious grounds. No surprise to either the Hungarian people or clergy, because it is the culmination of a long campaign of intimidation and war of nerves, the agreement nonetheless is a weakening of the only avowed opposition to the regime. As is always the case with any agreement with the Communists, the Church will find its own freedom of action and statement dangerously reduced while the concessions from the Government will be found to be ephemeral.

25X1A9a

- - -

POLAND-RUMANIA

7. Rumania and Poland recently launched programs for

- 2 -

~~SECRET~~
CONFIDENTIAL

~~SECRET~~
CONFIDENTIAL

re-drawing their internal geographical boundaries in order further to weaken national traditions, and to insure more efficient Communist control over the population, industry, and agriculture.

(Page 8)

INTERNATIONAL COMMUNISM SECTION

8. The Communists will not heed the warning of the Directors of the International Monetary Fund that Europe faces dangerous inflation if reconstruction spending is not reduced and if continued wage increases are not halted. On the contrary, the Communists will continue to exploit demands for wage increases as a potent tactic in their efforts to hamper military defense preparations and to stimulate economic deterioration of the area.

(Page 10)

- 3 -

~~SECRET~~
CONFIDENTIAL

SECRET

EASTERN EUROPE

U S S R

Probable Soviet reaction to increased
Allied Occupation Forces in Germany

25X1A9a

"A"

The recent US decision to increase its occupation forces in Germany will reemphasize to the USSR Western determination to resist by force any Soviet or Soviet-sponsored military aggression in Germany or Western Europe. As even a comparatively large increase in US forces will not substantially decrease current Soviet military capabilities in Europe, the Kremlin is unlikely to regard the increase as an immediate threat to the USSR or its Satellites, including East Germany. The USSR may estimate that the current preponderance of Soviet over Allied forces, and the comparative rapidity with which these forces can be augmented, make an increase in its own forces in Germany unnecessary. (SECRET)

MGB/MVD functions re-defined

25X1A9a

Evidence that the Soviet border troops formerly under the Ministry of Internal Affairs (MVD) have been transferred to the Ministry of State Security, was recently supplied by an official announcement that a medal had been specifically established for deserving personnel of the border forces of the MGB. It would seem that this shift is little more than a further step in the logical reorganization of the Soviet police administration which has been in a particular state of flux since the MGB's reemergence as a Ministry in 1943.

Originally, State Security (GB), whose main concern was covert intelligence work, was only a department within the Commissariat (now Ministry) of Internal Affairs. Apparently it so grew in importance and size that in March 1941 it became an independent Commissariat (NKGB) on a level with the NKVD.

- 4 -

SECRET

SECRET

Probably as a result of the German attack, which raised problems too great for so recently established a Commissariat, the NKGB was temporarily reincorporated in the NKVD. In May 1943, German pressure was diminishing, and the growing stress which the Kremlin placed on covert counter-intelligence and espionage probably made mandatory the re-elevation of this department to a Commissariat. At this time the main function of the NKGB was covert intelligence work in all foreign countries, and counter-intelligence, particularly among Soviet army personnel and Soviet citizenry. In this respect, NKGB personnel often used NKVD titles and uniforms as a blind.

In 1946 all Commissariats were renamed Ministries and the NKGB and NKVD became respectively the MGB and MVD. The constant redivision of duties between these two Ministries has now concentrated in the MGB those overt elements of police coercion such as the border troops, security troops, and local militia which previously belonged to the MVD. There is no reason to believe that these shifts have now terminated, and it would be logical to suspect that the MGB might also take over the MVD's main files on the registration of vital statistics, all Soviet prisons, and perhaps the convoy troops whose function is to transport and guard prisoners. The MVD will probably retain such non-police duties as fire prevention, but its main job will continue to be maintenance and use of forced labor. Indeed, it was the MVD's past responsibility for this snowballing reservoir of workers which transformed this Ministry's main function from police work to the operation of such huge economic projects as Dalstroy, which blankets the northeastern region of the USSR. The process of maintaining a planned, continuous supply of such labor will be an important by-product of the MGB's charge for maintaining order and apprehending criminals and potential political dissidents. However, once arrested and duly convicted, the prisoner should then become the property of the MVD. (CONFIDENTIAL)

- 5 -

SECRET

SECRET

German Sovzone Five Year Plan
to increase armament production 90 percent

25X1A9a "A"

The first Five Year Plan (1951-1955) of the German Sovzone aims at an industrial and war production for 1955 far greater for that area than that attained under the Nazis in 1944. Present industrial production is about 85 percent of 1936, but 1955 output is to be 90 percent above 1950. Greatest increases in output are to be made in the production of steel, chemicals, vehicles, precision instruments, and machinery. Measured in terms of 1944, the total industrial production by 1955 is to reach 154 percent.

Based on a capital investment index of 100 for 1944, the index for 1955 will be 242. The index for heavy industrial production will be 152, while the consumer goods index will be 88. If the plan is realized, the 1955 economic structure of the German Sovzone will parallel that achieved in 1944 at the peak of Nazi armament production.

Expansion of the capital construction and the production programs for the five-year period is beyond that required for rehabilitation and a normal growth. Thus the prime purpose is to augment the economic war potential, and thereby further the aim toward self-sufficiency. Since the plan was undoubtedly drawn up under Kremlin direction its fulfillment will depend largely upon Soviet Orbit collaboration, and will require high priority among the Satellites.

The plan for agricultural expansion for the five-year period is moderate. Utilization of agricultural land will expand only by 1 percent over 1950 acreage. Use of fertilizers is to increase, but the prewar utilization level will not be attained. Socialization of agriculture will be accelerated and will follow the pattern prevailing in the other Satellite countries.

The successful attainment of plan goals will largely remove the Sovzone from dependence upon Western Europe. It will

- 6 -

SECRET

SECRET

greatly enlarge armament production within the Soviet Orbit and will place East Germany in a commanding industrial position among the Satellites. (SECRET)

USSR steel plant technology
shows progress despite deficiencies

25X1A9a
[REDACTED]

Ferrous metallurgical enterprises in the USSR have made appreciable progress in technological advancements in recent years. At the same time, however, there is evidence of inefficient operation and some negligence and waste.

The progress is evidenced by such advancements as the installation in a number of plants of the latest automatic control instruments in the melting and rolling shops. Many of the plants have been converted from hand labor to almost complete mechanization of operations. Progress has also been made in speeding-up smelting, refining and other plant operations.

Contrasted with these improvements, there is evidence of such deficiencies as wastage and poor sorting of valuable scrap, inefficient utilization of fuel, poor organization of manpower, and inefficient utilization of machinery and equipment. Also, many of the mills are operating according to processing standards set up fifteen years ago; and the USSR is lagging in applying results of research work to industrial production.

The technological advancements have resulted in increased production of iron and steel in the USSR in spite of the existing deficiencies which are undoubtedly acting as deterrents to the reaching of optimum output. (SECRET)

EASTERN EUROPE

BULGARIA

Turkish-Bulgarian tension mounts

25X1A9a
[REDACTED]

The openly hostile diplomatic relations between

- 7 -

SECRET

SECRET

Bulgaria and Turkey have reached a climax in the 10 September announcement from Ankara that Turkey has closed its Bulgarian border. The current tense situation has resulted from the Bulgarian demand on 10 August that Turkey admit within three months 250,000 Bulgarians of Turkish origin and from the Turkish refusal to acquiesce to the preemptory and illegal Bulgarian terms for the migration. Turkey's drastic action, which will have the effect of cutting off the present sizeable emigration, may have been precipitated by unconfirmed rumors that Bulgaria would push 150,000 emigrants across the border before 15 September.

Although Turkey is willing to accept bona fide Turkish victims of Soviet oppression, there is much concern in Turkey that emigrant groups will be liberally infiltrated with Cominform agents, necessitating careful and time-consuming screening. The fact that emigrants are systematically deprived of all property before leaving Bulgaria and the resultant heavy drain on Turkish economy make mass acceptance of emigrants impossible.

Should Bulgaria attempt to force emigrants across the border, the situation could lead to Turkish armed resistance. In the meantime, it is possible that Turkey will appeal to the United Nations for at least moral support of its position.
(SECRET)

POLAND-RUMANIA

Internal boundaries redrawn
in Poland and Rumania

25X1A9a "A"

The process of transforming the Satellites into facsimiles of Soviet republics has now reached the stage where Satellite geographical divisions as well as local government administrations are being patterned after the Soviet model. Recently Rumania and Poland launched programs for re-drawing their internal geographical boundaries in order further to

- 8 -

SECRET

SECRET

weaken national traditions, and to insure more efficient Communist control over the population, industry, and agriculture.

The Polish Communist Party, acting through the Government, had a law passed on 28 June 1950 changing some existing provincial boundaries and creating three new provinces. By these changes the provinces will become more nearly alike as to national resources, industry and population characteristics, i.e., the ratio between the industrial and rural workers will be approximately the same in each province. A probable future step to complete the administrative re-districting of Poland will be to revise the boundaries within each province, as is being done in Rumania.

Bucharest has, in fact, made greater progress than Warsaw in re-drawing internal boundaries. On 5 September, Interior Minister Georgescu submitted to the Grand National Assembly the bill for the administrative-economic division of Rumania, whereby former counties are abolished and the country is to be divided into 28 regions (the largest units), 177 districts --raione -- and 4,042 communes. In addition, eight important towns -- Bucharest, Brasov (now called Stalin) Cluj, Iasi, Constanta, Galati, Floesti and Timisoara will be directly subordinated to the central Government.

The Polish and Rumanian Communists have announced that the purpose of the changes is to "strengthen direct contact" between the organs of central authority of the State, local government bodies, and the masses of the population. This will be accomplished by gerrymandering localities so that in each unit the industrial and rural proletariat, on whom the Party relies for support, will enjoy firm control of local affairs. Moreover, the Rumanian law establishing the Peoples' Councils, the organs of Government for the new political subdivisions, excludes from the franchise both kulaks and members of the formerly propertied classes. The new arrangement will make it relatively easy for the central Government to coordinate local programs and policies throughout the country as a whole, and

SECRET

for individual local communities to obtain help from the central Government in putting through specific undertakings.

The Rumanians intend that their reorganization will be "suitable to the new social structure...to the new economic policy...to the big tasks of consolidation of the regime, development of socialist industry, socialist transformation of agriculture (collectivization) and continuous planned development of the productive plant." Specifically, the regime intends the re-districting to facilitate and increase in producing capacity, by the development of hitherto backward areas, more efficient administration of local enterprises and more extensive utilization of local resources. Interior Minister Georgescu has stated that the project is an integral part of the five year plan, since the new administrative divisions will enable more efficient interchange between industrial and agricultural components, and permit backward areas to profit from the technical skill and riches of well developed centers.

Available information suggests that the changes will result in improved political control; will reduce waste due to bureaucratic inefficiency and delays, and will afford the Government a means of gathering data necessary for the implementation of its economic projects. It is thus a significant step in the socialist transformation of Rumania. (CONFIDENTIAL)

INTERNATIONAL COMMUNISM SECTION

Communists exploit demands for wage increases

25X1A9a "B"

The Communists will not heed the warning of the Directors of the International Monetary Fund that Europe faces dangerous inflation if reconstruction spending is not reduced and if continued wage increases are not halted. On the contrary, the Communists will continue to exploit demands for wage increases as a potent tactic in their efforts to hamper military defense preparations and to accelerate economic deterioration of the area.

- 10 -

SECRET

CONFIDENTIAL
~~SECRET~~

In Britain the London Daily Worker immediately seized upon the increase in servicemen's pay to urge the trade unions to press for an all-round increase with the argument that "if the Army can have better pay, so can the civilians."

Crippling strikes among dockers and taxi drivers in Holland were Communist-led and inspired by the demands for more wages.

In Italy, Di Vittorio's decision to effect large scale strikes in key industries, particularly those of a "monopolistic" nature instead of the general strike forecast for next month, was taken because of the appeal of the "cost of living" theme, which Communists are using to the limit, although their real motive is still that of political expediency. In Di Vittorio's case, his General Labor Confederation learned by heavy loss of membership during the last year that people are fed up with political strikes. If he secures some success in demanding higher wages, the Party could gain credit for defending the workers' interests while the basic Communist strategy of adding problems to an already tense situation would be served. (SECRET)

- 11 -

CONFIDENTIAL
~~SECRET~~